

Message Text

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PAGE 01 SANTO 00600 091604Z

72

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 SPC-03 SAM-01 AID-20

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 L-03 H-03 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04

USIA-15 PRS-01 IO-14 DRC-01 /167 W

----- 115337

R 091521Z FEB 74

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 9802

C O N F I D E N T I A L SANTO DOMINGO 600

E.O. 11652: GDS

TAGS: ETRD, DR

SUBJECT: SUGAR: DOMINICANS TO MEET QUOTA COMMITMENTS

ACTION: SECSTATE WASHDC

REF: STATE 022675

1. SINCE THE DOMINICAN REPUBLIC IS THE SECOND LARGEST FOREIGN SUPPLIER TO THE U.S. SUGAR MARKET AND BECAUSE SUGAR IS A MATTER OF FUNDAMENTAL IMPORTANCE TO THE DOMINICAN ECONOMY, THE AMBASSADOR DECIDED TO DISCUSS GODR SUGAR POLICY WITH PRESIDENT BALAGUER LAST NIGHT. THE PRESIDENT CONFIRMED WHAT OTHER EMBASSY OFFICERS HAD ALREADY BEEN TOLD BY GODR SUGAR AUTHORITIES: WITH RESPECT TO ITS SUGAR EXPORTS, THE GODR WILL GIVE FIRST PRIORITY TO FULFILLING ITS ENTIRE COMMITMENT TO THE U.S. MARKET, IRRESPECTIVE OF THE ATTRACTION OF CURRENT HIGHER PRICES IN THE WORLD MARKET. THE PRESIDENT REGARDED THE U.S. SUGAR QUOTA SYSTEM AS AN ESSENTIAL AND FIRM BASIS FOR HIS ECONOMIC PLANNING AND URGED THAT THE QUOTA SYSTEM BE CONTINUED. THE AMBASSADOR CONVEYED TO THE PRESIDENT THE IMPORTANCE ATTACHED TO SHIPPING DOMINICAN QUOTA SUGAR AND ITS FIRST-COME, FIRST-SERVED COMMITMENTS AS QUICKLY AND IN AS LARGE

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SANTO 00600 091604Z

QUANTITIES AS POSSIBLE. THE PRESIDENT REPLIED THAT HE

WOULD GIVE INSTRUCTIONS AT ONCE TO THAT EFFECT.

2. IN AN EARLIER DISCUSSION WITH THE AMBASSADOR, DOMINICAN AMBASSADOR TO WASHINGTON SALVADOR ORTIZ REPORTED THAT DURING THE WEEK-LONG MEETINGS ON SUGAR POLICY HERE, THE PRODUCES OF DOMINICAN SUGAR (CEA, VICINI, AND GULF & WESTERN) WERE UNANIMOUS IN THEIR SUPPORT OF CONTINUING THE US QUOTA SYSTEM AND IN THEIR COMMITMENT TO SERVE THE US MARKET ON A PRIORITY BASIS. AMBASSADOR ORTPZ OBSERVED WRYLTY THAT WHEREAS FOUR YEARS AGO HE HAD BEEN ENERGETICALLY PURSUING AS HIGH A QUOTA AS POSSIBLE FOR HIS COUNTRY, HIS CURRENT PERSONAL PREOCCUPATION WAS THAT, ASSUMING CONTINUATION OF THE QUOTA SYSTEM, THE DOMINICAN QUOTA MIGHT BE SO HIGH AS TO FORCE THE GODR TO CUT OFF ALL SUPPLY TO ITS OTHER CUSTOMERS IN THE WORLD MARKET.

3. IN DISCUSSIONS WITH EMBASSY OFFICERS, GODR SUGAR AUTHORITIES EXPRESSED UNHAPPINESS OVER THE USE OF THE FIRST-COME, FIRST-SERVED SYSTEM IN JANUARY AND SAID THEY WOULD HAVE PREFERRED TO HAVE HAD THE REGULAR QUOTA REALLOCATION SYSTEM UTILIZED. NONETHELESS, THEY SAID THEIR SHIPMENTS TO THE US WERE BEING GIVEN PRIORITY AND THAT UP TO THE MOMENT VERY FEW SALES HAD BEEN MADE TO THE WORLD MARKET.

4. COMMENT. THE DOMINICAN REPUBLIC HAS CONSISTENTLY PLACED GREAT VALUE ON THE US QUOTA SYSTEM AS A MEANS OF OBTAINING AN ASSURED AND ATTRACTIVE MARKET FOR ITS PRIMARY EXPORT. WITH THIS IN MIND, THE GODR HAS CONSISTENTLY GIVEN PRIORITY IN ITS SUGAR POLICY TO DEMONSTRATING TO THE US THAT IT IS A RELIABLE SUPPLIER. GODR AUTHORITIES ARE OF COURSE AWARE THAT PURSUING THIS POLICY SIGNIFIES, AT LEAST IN THE SHORT RUN, SIGNIFICANT LOSSES IN FOREIGN EXCHANGE WHICH THEY CAN ILL AFFORD PARTICULARLY IN FACE OF AN ESTIMATED ADDITIONAL \$100 MILLION THEY ANTICIPATE THEY WILL HAVE TO EXPEND THIS YEAR FOR PETROLEUM PRODUCTS. NEVERTHELESS, THE DOMINICAN REPUBLIC CAN BE EXPECTED TO MAKE SUBSTANTIAL SACRIFICES IN ORDER TO IMPROVE ITS CHANCES OF MAINTAINING A SIZEABLE QUOTA. GIVEN (1) THE UNFAVORABLE OUTLOOK FOR ITS BALANCE OF PAYMENTS THIS YEAR, (2) THE CURRENT OFFERS IT IS RECEIVING OF TWENTY CENTS A POUND FOR IMMEDIATE WORLD MARKET SALES, AND (3) THE UNCERTAINTY CAUSED BY THE CALL BY US SUGAR CONSUMER ORGANIZATIONS AND BY SOME USG OFFICIALS FOR THE TERMINATION OF THE US QUOTA SYSTEM, SOME ADDITIONAL

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PAGE 03 SANTO 00600 091604Z

DOMINICAN SALES ON THE WORLD MARKET ARE PROBABLE, HOWEVER.
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Message Attributes

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